



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>



IN REPLY REFER TO:
3482
UTU-74804
(UT-923)

RECEIVED MAY 12 2010
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DIV. OF OIL, GAS & MINING

Kit Pappas
Manager Engineering/Environmental Services
Hidden Splendor Resources, Inc.
3266 South 125 West
Price, Utah 84501

Re: Approved – Minor Modification to the Resource Recovery and Protection Plan (R2P2),
Re-orientation of Pillar Panels from East-West to North-South, A-North Pillar Panels,
Horizon Mine

Dear Mr. Pappas:

The Bureau of Land Management (BLM) received on February 9, 2010, an R2P2 modification request from Hidden Splendor Resources for the subject mine. The proposed modification revises the mine layout by changing the orientation of the A-North Pillar Panels from an East-West to a North-South direction on Hidden Splendor's only Federal coal lease (UTU-74804). This mine was inspected by BLM most recently on January 27, 2010.

Proposed Plan: Hidden Splendor plans to turn the A-North Mains from the current northerly direction to due west once the connection has been made back east to the B-West Mains. This set of entries is named 3rd West Mains. As 3rd West Mains is being driven west, up to five pillar panels can be driven south off of these mains for room-and-pillar mining with pillar recovery. It is anticipated that east-west trending faults will be encountered as the pillar panels are driven south, and, depending on the extent of the throw, mining may or may not proceed through them.

Reasoning behind this change is there is a better likelihood of being able to cross the faults from a near perpendicular approach rather than the parallel approach as shown in the prior R2P2 plan. Also this plan opens the mine up to develop panels for room and pillar retreat mining with the possibility of adding additional continuous miner units.

Approval: The BLM agrees with the proposed change. The plan allows for development of panels for retreat mining and also provides for another set of mains (B-West) for enhanced ventilation and escape routes.

A copy of the approved mine map is enclosed.

Maximum Economic Recovery (MER): Full extraction of recoverable coal reserves will enable MER of the Federal coal in lease UTU-74804 to be achieved.

Recoverable Reserve Base: The estimated recoverable coal base for Federal coal lease UTU-74804 is 10.3 million tons. The East-West direction of the A-North Pillar Panels has an estimated recoverable coal tonnage of 148,257 tons. The proposed modification with a North-South direction has an estimated recoverable coal tonnage of 243,848 tons. The proposed modification will increase the reserve estimation by 95,590 tons. This will change the estimated recoverable coal base for the Federal coal lease to approximately 10.4 million tons.

National Environmental Policy Act (NEPA): No new surface disturbance is predicted with this action, and therefore this action is Categorically Excluded (CX) from NEPA analysis under DM 516 chapter 11.5, paragraph F. (8): Approval of minor modifications to, or minor variances from, activities described in an approved underground or surface mine plan for leasable minerals (e.g., change in mining sequence or timing).

This R2P2 modification complies with the Mineral Leasing Act of 1920, as amended, the regulations at CFR 3480, and the lease terms and conditions. If you have any questions, please contact Steve Rigby in the Price Field Office at (435) 636-3604 or Jeff McKenzie of my staff at (801) 539-4038.

Sincerely,

/s/ Roger L. Bankert

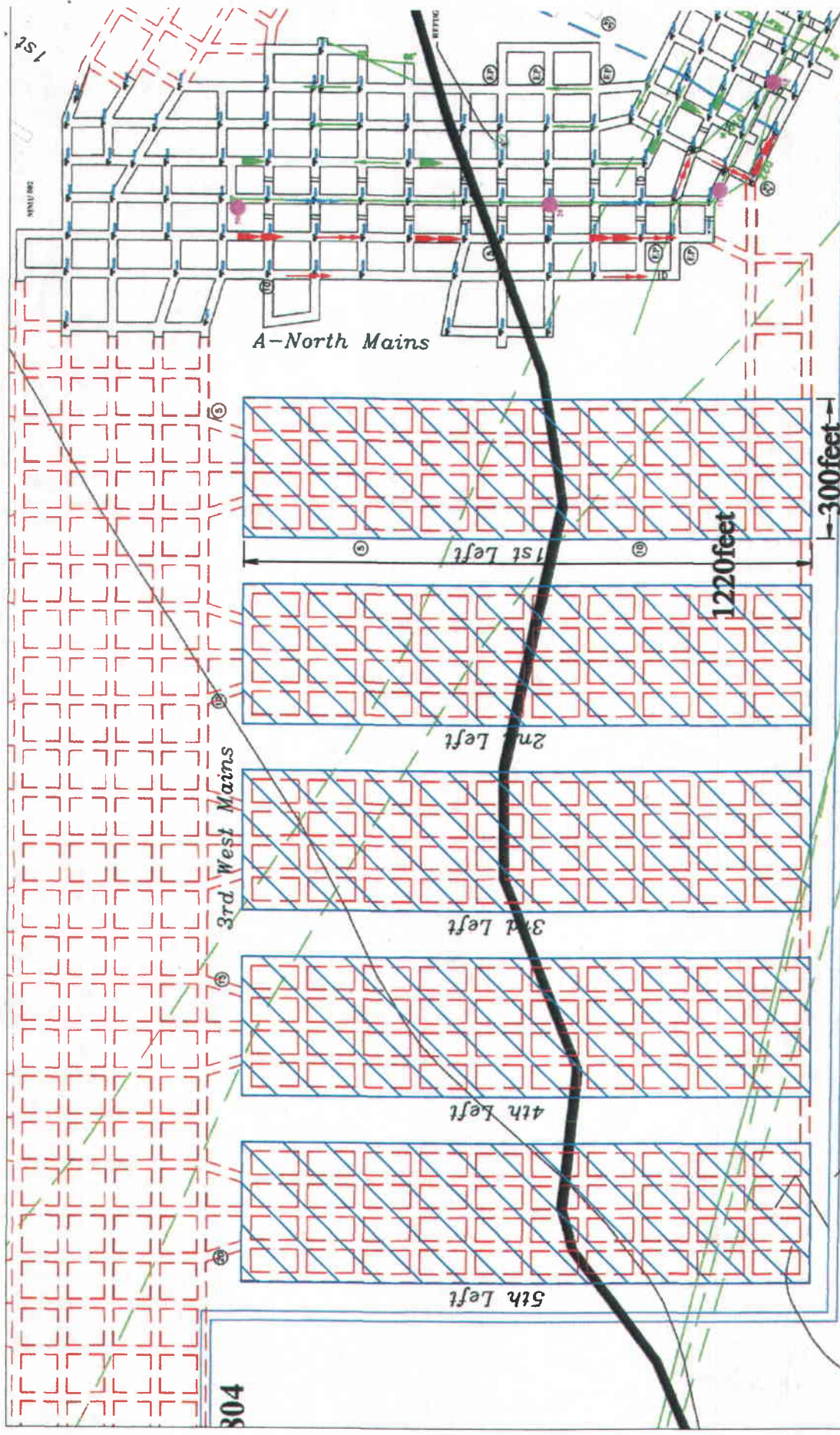
Roger Bankert
Chief, Branch Minerals

Enclosures:

Approved Mine Map
Table

cc: UT-070, Price Field Office (w/ Enclosure)
Utah Division of Oil Gas and Mining (w/ Enclosure)
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

HorizonR2P22010JS-SA-5-12-10



FEDERAL LEASE #U-74804

BLM ASSESSMENT OF REMAINING
RECOVERABLE RESERVES
Horizon Mine, U-74804
DATE: May-2010
SCALE: 500 feet
Remaining recoverable reserve areas

**Mining Plan Approved By
BUREAU OF LAND MANAGEMENT**

Recommended By: *[Signature]*

Mining Engineer (Date) *5/19/10*

Approved By: *[Signature]*

Manager (Date) *5/19/10*

BLM assessment of R2P2 Re-orientation of Pillar Panels from East-West to North-South fro Horizon Mine plan May 2010.						
Mining Area	Area (square feet)	Coal Thickness (feet)	Volume (cubic feet)	In-place Tonnage (tons)	Mining Height (feet)	Room & Pillar Tonnage (tons)
Total North-South	1,830,000	7	12,810,000	525,210	6.5	243,848
Total East-West	1,112,625	7	7,788,375	319,323	6.5	148,257
Difference						95,590

Coal Density	82 lb/cubic feet
Room & Pillar Percentage	50%